

The meeting was held at 1:00 p.m. on Tuesday, April 8, 2014 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman
Vice Chairman
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

George F. Ogilvie III
Berlyn D. Miller
Bob Coffin
J. Brin Gibson
Duncan R. McCoy
Puoy K. Premsrirut
Steve Sisolak

DEPUTY ATTORNEYS GENERAL

Special Counsel, Attorney General
Special Counsel, Attorney General

Jennifer T. Crandell
Ann C. Pongracz

COMMISSION STAFF IN ATTENDANCE

Executive Director
Deputy Executive Director
Chief of Finance and Administration
Manager, Energy Services
Manager, Hydropower Program
Assistant Hydropower Program Manager
Hydropower Program Specialist
Natural Resource Analyst
Senior Accountant
Senior Energy Accountant
Senior Energy Accountant
Office Manager
Administrative Assistant III
Administrative Assistant II

Jayne Harkins, P.E.
James D. Salo
Douglas N. Beatty
Gail A. Bates
Craig N. Pyper
Lisa M. Ray
Dana Corkill
Warren Turkett
Gail L. Benton
Richard M. Sanders
Kalora E. Snyder
Judy K. Atwood
Carol L. Perone
Gina L. Goodman

OTHERS PRESENT; REPRESENTING

Consultant
KSNV
Southern Nevada Water Authority

Sara A. Price, Esq.
Sergio Avila
Jordan Bunker

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF APRIL 8, 2014**

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:00 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director Jayne Harkins confirmed that the meeting was in compliance with the Open Meeting Law.

B. Comments from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.)

Chairman Ogilvie asked if there were any comments or questions from the public. There were none.

C. For Possible Action: Approval of minutes of the February 11, 2014 meeting.

Commissioner McCoy moved for approval of the minutes. The motion was seconded by Vice Chairman Miller and approved by a unanimous vote.

D. For Possible Action: Selection of Vice Chairman.

Commissioner McCoy moved for the selection of Commissioner Berlyn D. Miller as the Vice Chairman for the Commission. The motion was seconded by Commissioner Gibson and approved by a unanimous vote.

E. For Information Only: Status update on Western Electricity Coordinating Council 2013 Reliability Compliance Audit.

Deputy Executive Director James D. Salo explained that after a series of major, regional, multistate power outages caused by failures in regional transmission links, substations and systems, Congress passed the Energy Policy Act of 2005, which, among other elements, created a rigorous system for establishing, monitoring and enforcing mandatory electric reliability standards and requirements for entities whose electrical operations could have an adverse impact on regional transmission grids. The Standards and Requirements are drafted by the North American Electric Reliability Corporation (NERC) subject to approval by the Federal Energy Regulatory Commission (FERC). Reliability Standards are enforced, in our region, by the Western Electricity Coordinating Council (WECC), subject to oversight of NERC, and ultimately, final action by FERC.

The Colorado River Commission of Nevada (Commission) has been and is currently registered with NERC and WECC in three operational or functional categories; as a Distribution Provider (DP), as a Purchasing-Selling Entity (PSE), and as a Load Serving Entity (LSE). The Standards and Requirements applicable to the various classes of registrants vary significantly reflecting the level of risk that a system failure or interruption could materially and adversely affect the bulk electric system (regional transmission grid).

As part of its on-going oversight and enforcement responsibilities, WECC performs periodic compliance audits of all registrants. WECC completed its first routine compliance audit of the Commission during 2013 and issued its final audit report on January 16, 2014.

Staff was pleased to report to the Commission that WECC's Audit Report, which addressed multiple Reliability Standards and Requirements selected by WECC resulted in no "adverse" findings for any of the eleven Requirements reviewed during the audit.

Staff received a handful of recommendations that were administrative in nature, for example, to remind Staff of future changes of which the Staff was already cognizant. Staff will update its records and practices to be consistent with those changes.

Mr. Salo noted that during 2014, the definition of "Bulk Electric System" (the high voltage transmission grid) is in the process of being amended by FERC. Once the change takes place, the Commission may be able to justify de-registering or eliminating the Commission from being registered in any of the NERC functional categories. Hopefully, going forward, at least until the Commission operations may expand in the future, we may be able to avoid any continuing requirement to routinely comply with these NERC requirements.

The Commission is primarily a radial system delivering power to load and nothing that could happen on our system would reverberate back up and adversely affect the grid. Ultimately the goal of the Energy Policy Act of 2005 is to protect the grid from cascading regional outages. Literally, if one of the Commission substations collapsed in an electrical sense it would just trip offline, Southern Nevada Water Authority would be affected but the grid would not be affected and that is really the standard under Federal law.

Chairman Ogilvie asked if there is a regular period for these audits and can the Commission anticipate another audit.

Mr. Salo responded that Staff would generally anticipate an audit for this size entity every three years. Based on current history it has taken WECC five years. His best guess is it will probably be more than three years from 2013 before we would likely be audited again. Staff expects an answer to the questions concerning whether or not the Commission will need to continue to be registered with NERC and WECC well within that time period.

Chairman Ogilvie congratulated Staff for the results of this audit.

A copy of the Public Version of the Audit Report is attached and made a part of the minutes. (See Attachment A.)

F. For Information Only: Status update on Motions to Intervene in various regulatory proceedings before the Public Utilities Commission of Nevada (PUCN) and Federal Energy Regulatory Commission (FERC) proceedings.

Energy Services Manager Gail A. Bates provided a status update on a number of PUCN and FERC regulatory proceedings that the Commission is a party to.

FERC Docket No. ER13-255: October, 2012 application was made by Nevada Power Company to revise the Nevada Power Company Zone B rates for network and point-to-point transmission service and certain ancillary services under the NV Energy Operating Companies Open Access Transmission Tariff (OATT). A settlement agreement was filed with, and accepted by, FERC in this docket. Per the settlement agreement, NV Energy, Inc. was ordered to refund customers under Schedules 2, 3, 5, 6, 7, 8, and Attachment H of the OATT from June 1, 2013 through October 31, 2013. The Commission received a refund in the amount of \$147,310.67 in March, 2014.

FERC Docket No. ER13-684: December, 2012 application was made by Nevada Power Company (Nevada Power) and Sierra Pacific Power Company (Sierra Pacific), both doing business as NV Energy, Inc., to modify Schedule 4 - Energy Imbalance Service - of the NV Energy Operating Companies Open Access Transmission Tariff (OATT). A settlement agreement was filed with, and accepted by, FERC in this docket. Per the settlement agreement, NV Energy, Inc. was ordered to re-bill customers using the Schedule 4 settlement rates from January 22, 2013 through year-end 2013. The Commission received a refund in the amount of \$500,549.63 in February, 2014.

FERC Docket Nos. ER13-1605-000 and ER13-1607-000: Interrelated applications made by NV Energy, Inc., on behalf of its public utility subsidiaries, Nevada Power Company (Nevada Power) and Sierra Pacific Power Company (Sierra Pacific), (collectively "NV Energy") requesting authorization for: (1) the combination of the transmission and ancillary service rates of Nevada Power Company and Sierra Pacific Power Company into single-system rates (ER13-1605-000); and (2) a revision of the terms and conditions in their Open Access Transmission Tariff to reflect the consolidation of Nevada Power and Sierra Pacific, their respective transmission systems and single-system rates (ER13-1607-000). Settlement discussions regarding the proposed transmission and ancillary service rates are ongoing in this docket.

PUCN Docket No. 13-05056: Application of Nevada Power Company d/b/a NV Energy (Nevada Power) and Sierra Pacific Power Company d/b/a NV Energy (Sierra) for approval to consolidate Nevada Power and Sierra into a single jurisdictional utility, transfer and modify Certificates of Public Convenience and Necessity to reflect the consolidated utility's new legal name of NV Energy Operating Company, and consolidate generation assets. On March 14, 2014, the NVE Utilities filed a motion to vacate the procedural schedule and withdraw their application in this docket. On March 21, 2014, the Commission filed a reply to NVE Utilities' motion. Both the motion to vacate and the Commission's reply are attached. In its reply, the Commission does not take a position on whether the PUCN should grant the NVE Utilities' request to withdraw the Application. However, the Commission does object to the granting of the motion if doing so will deny the Commission and other parties access to information regarding the

costs and benefits of operating the ON LINE transmission line on a consolidated state-wide basis. The PUCN has scheduled a prehearing conference on April 17, 2014 to hear oral argument on the NVE Utilities' motion to withdraw.

G. *For Information Only: Status update on the Colorado River Commission of Nevada's efforts to implement the provisions in the Hoover Power Allocation Act of 2011 (H.R. 470) passed by Congress.*

Craig N. Pyper, Hydropower Program Manager, gave a summary on current efforts.

The deadline for submission of applications to Western Area Power Association (Western) for the Hoover power allocation process was March 31, 2014. A complete list of all applications submitted to Western is not available at this time. However, Staff is aware of at least 21 Nevada entities that have submitted applications. Western plans to publish its proposed initial allocation by the end of the summer 2014.

The Commission's workshop to solicit comments from interested persons regarding the revision of regulations contained in Chapter 538 of the Nevada Administrative Code (NAC) will be held on April 21, 2014 at the Clark County Government Center for public review and public comment. Staff posted the Workshop Notice and Agenda and sent it to current customers, persons on the Commission's mailing list for administrative regulations, all agencies that have indicated an interest in the proposed regulations, the Legislative Counsel Bureau and several city and county library locations within the State.

After the workshop, Staff will incorporate any necessary revisions and propose amendments to the Commission's current regulations for Commission approval and submission to the Legislative Commission. Upon approval of the regulations, Staff will work on developing for Commission consideration proposed marketing criteria for the Commission's Hoover Schedule D allocation process.

Staff met with the PUC-N staff to discuss implementation of the provisions of 2013 Assembly Bill 199 revisions to Nevada Revised Statutes 704.787, which will impact provision of Hoover Schedule D services by the Commission and NV Energy, and the rates and charges applicable to these services. Staff does not anticipate that the Hoover Schedule D allocation will meet the total electric power requirements of the allottees in the NV Energy service area. Therefore, the Commission's Hoover Schedule D customers will still be NV Energy customers. Staff will continue to meet with the PUC-N staff, and will meet with NV Energy, to discuss implementation.

Chairman Ogilvie asked if applicants have submitted their applications to Western.

Mr. Pyper replied yes. The deadline to submit applications to Western was March 31, 2014.

Chairman Ogilvie asked if Western will come out with the list in the summer of 2014.

Mr. Pyper answered that is Western's plan for its proposed allocations.

Chairman Ogilvie asked if Staff had knowledge of the applicants.

Mr. Pyper responded that there are at least 21 applications that Staff has knowledge of at this time. Staff received copies or notification of these applicants' submission, from the applicants.

Chairman Ogilvie asked whether Western will disclose the applicants prior to the completion of the proposed allocation list.

Mr. Pyper responded that Staff requested the information and Western will not disclose the information.

Chairman Ogilvie asked Staff to provide the list of the known applicants to the Commissioners.

Mr. Pyper answered that the list will be provided to the Commissioners.

Chairman Ogilvie asked whether, upon Western's notice of the proposed allocation list, is there a right to appeal by the applicants, and whether Western has a process in place.

Mr. Pyper answered that Western has stated that it will conduct an open public process. Western will publish information regarding its process and its proposed allocations in a Federal Register Notice.

Ms. Harkins replied that Western will issue a proposed list of applicants and that everyone will have the opportunity to comment on the list that will be published by Western in late summer 2014. This will be followed by a final list. All applicants will have the opportunity to take the Department of Energy to court. Staff does not know if there is an administrative process that sets forth the protocols for administrative appeal prior to a court filing.

Mr. Pyper stated that Staff researched some of the other Western administrative allocation processes and did not find anything that changed after Western's initial proposed allocation.

Vice Chairman Miller asked if Staff was aware of the total number of applicants or if the numbers have been released.

Mr. Pyper answered that Staff is only aware of the 21 applications for which it received copies or notification from applicants. Western has indicated that it will not provide a complete list of applicants prior to the publication of its Federal Register Notice this summer.

Chairman Ogilvie asked would Western disclose the total number of applicants, not just exclusively Nevada.

Mr. Pyper replied that Western will not disclose that information.

H. *For Information Only:* Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin, Nevada's consumptive use of Colorado River water, and other developments on the Colorado River.

Warren Turkett, Natural Resource Group Analyst, provided a report on the following:

- Unregulated Inflow into Lake Powell
- Storage Conditions
- Reservoir Storage as of April 4, 2014
- Lake Powell End of Month Elevations Based on March 2014, 24-month Study
- Lake Mead Elevation 2000-2014
- Lake Mead End of Month Elevation Projections
- U.S. West Drought Monitor
- U.S. Seasonal Drought Outlook
- Precipitation – Colorado River Basin as of April 7, 2014
- Colorado Basin River Forecast Center
- Monthly Precipitation for March 2014
- Monthly Precipitation, Las Vegas, NV as of March 31, 2014
- Cumulative Precipitation, Las Vegas, NV as of March 31, 2014
- Clark County Regional Flood Control District Rain Gages
- Water Use in Southern Nevada
- Water Use Comparison
- Power Generation and Elevation

Commissioner Coffin commented that the reason for asking for information at the February 8, 2014 Commission meeting was to see the power generation as related to the lake elevation and how it affects the head pressure. Interestingly the graph on the last slide shows that the power generated in 2003, 2004, and 2005 is close to the generated power in 2010, 2011, and 2012 at a rate above elevation. Is this due to efficiency increases at the turbines?

Ms. Harkins responded that it is a result of the efficiency improvements that the Bureau of Reclamation has been making at the Hoover Dam for a number of years.

Commissioner Coffin asked if the head pressure gets down to levels 1075 or 1050 feet will there still be hydropower.

Ms. Harkins responded there will still be reduced levels of hydropower.

Commissioner Coffin asked how far down is the threshold.

Mr. Harkins responded the threshold is 950 feet for producing energy.

Chairman Ogilvie asked Mr. Turkett what is the Las Vegas Wash Gauged Flow on the water use comparison slide of the presentation (page 10).

Mr. Turkett answered that is the amount of water that flowed through the Las Vegas Wash provided by U.S. Geological Survey gauge.

Chairman Ogilvie asked why that total would be different from the return flow credit listed on the same slide. What additional calculations are included in that total?

Mr Turkett answered that Staff uses an accounting method determined by the Bureau of Reclamation that adds and subtracts some flows in the wash to calculate the final return flow credit total. An example might include a deduction of storm water.

A copy of the Report is attached and made a part of the minutes. (See Attachment B.)

I. Comments from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.)

Chairman Ogilvie asked if there were any comments or questions from the public. There were none.

J. Comments and questions from the Commission members.

Chairman Ogilvie asked if there were any comments or questions from the Commission members. There were none.

K. Selection of the next possible meeting date.

The next meeting is tentatively scheduled for 1:00 p.m. on Tuesday, May 13, 2014, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

L. Adjournment.

The meeting adjourned at 1:35 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman